

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

* * * * *

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF WESTERN) CASE NO. 8839-N
KENTUCKY GAS COMPANY)

O R D E R

On December 1, 1983, the Commission issued its Order in Case No. 8839 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On April 10, 1985, Western Kentucky Gas Company ("Western") notified the Commission that it had received refunds from its suppliers, Texas Gas Transmission Corporation ("Texas Gas") and Tennessee Gas Pipeline Company ("Tennessee Gas"), and that it had overcollections due its customers. Western submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) Western has received a refund of \$2,718 from Tennessee Gas that should be returned to its customers. The refund resulted from Btu Measurement Adjustments pursuant to the Federal Energy Regulatory Commission ("FERC") Order No. 399-A.

(2) Western received a total refund of \$84,945 from Texas Gas by credit on its February billing. This adjustment was the result of FERC Letter Order No. TA-84-2-18 issued February 28, 1985.

(3) Western reports excess revenues of \$69,299 collected during the period from January 1, 1985, through March 31, 1985. The over-collections were due to retroactive rate changes by Western's suppliers, Texas Gas and Tennessee Gas. The rate changes were reflected in Case No. 8839-M, which became effective April 1, 1985.

(4) A refund factor of \$0.0185 per Mcf should be used as a reduction in the purchased gas adjustment. The refund factor should remain in effect for 4 months or until such time as the full amount, plus interest, has been returned to Western's customers. The refund should begin with meter readings taken on May 1, 1985, or as soon as practical thereafter.

(5) Western should refund the amount reported herein, plus interest, at a rate equal to the average of the "3-Month Commercial Paper Rates" for the immediately preceding 12-month period less 1/2 of 1 percent to cover the costs of refunding. These monthly rates are reported in the Federal Reserve Bulletin and the Federal Reserve Statistical Release.

IT IS THEREFORE ORDERED that Western shall refund \$156,962 to its customers.

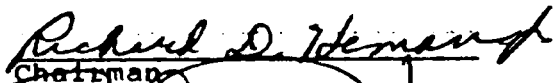
IT IS FURTHER ORDERED that Western shall apply a refund factor in the amount of \$0.0185 per Mcf as a reduction in the approved purchased gas adjustment beginning with meter readings taken on May 1, 1985, or as soon as practical thereafter, and remaining in effect until such time as necessary so that the total amount refunded will, as nearly as possible, reflect the amount received. The refund factor will terminate when the amount refunded equals the refund herein reported, plus interest.

IT IS FURTHER ORDERED that within 30 days of the date of this Order Western shall file with this Commission its revised tariffs setting out the refund factor authorized herein. All other rates and charges shall remain in full force and effect.

IT IS FURTHER ORDERED that within 30 days from the date the refund factor is terminated Western shall file with this Commission a summary statement showing a reconciliation of customer billings and the amount refunded.

Done at Frankfort, Kentucky, this 26th day of April, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary